

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 402 - SB 710

February 19, 2013

SUMMARY OF BILL: Defines full-time equivalent semester for the purpose of receiving a Tennessee HOPE scholarship. Establishes new terminating events for students who will receive a HOPE scholarship or grant, in the 2013 fall semester and semesters thereafter, when such a recipient earns a degree; the recipient received the HOPE scholarship or grant for eight semesters if enrolled in a degree program that requires less than 120 credit hours to graduate; the recipient received the HOPE scholarship or grant for nine semesters if enrolled in a degree program that requires more than 120 credit hours to graduate; or five years have passed since the recipient enrolled in an eligible postsecondary institution. Requires TSAC, under certain circumstances, to establish a process whereby students who received a HOPE scholarship or grant in any semester prior to the fall of 2009, who have reached a terminating event under current law, to continue receiving the scholarship or grant under the proposed terminating events established by the bill.

ESTIMATED FISCAL IMPACT:

**Decrease State Expenditures – Net Impact - \$5,905,900/FY15-16 and
Subsequent Years/Lottery for Education Account**

Assumptions:

- The Tennessee Student Assistance Corporation (TSAC) estimates that 3,097 first-time freshmen receiving a HOPE scholarship or grant in FY13-14 will become ineligible for retaining the scholarship or grant for one or two semesters under this bill after completion of their sophomore year in FY14-15. As a result, TSAC estimates a decrease in state expenditures from the Lottery for Education Account (LFEA) of \$8,390,579 in FY15-16.
- In addition, TSAC estimates that 1,119 freshmen in the fall of 2013 will retain scholarships and grants for one or more additional semesters under this bill, when they would not have retained under current law. As a result, TSAC estimates an increase in state expenditures from the LFEA of \$2,484,678 in FY15-16.
- Based on information provided by TSAC, the impacts estimated for FY15-16 will apply to all subsequent entering freshmen cohorts. Therefore, the impacts estimated above for FY15-16 shall apply to all subsequent fiscal years.

- The net decrease in state expenditures from the LFEA is estimated to be \$5,905,901 (\$8,390,579 - \$2,484,678) beginning in FY15-16 and subsequent fiscal years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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